

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL THIRTEEN)

Docket No. RM2015-7

**MOTION OF UNITED PARCEL SERVICE, INC. FOR ISSUANCE
OF INFORMATION REQUEST RELEVANT TO PROPOSAL THIRTEEN**

(March 18, 2015)

United Parcel Service, Inc. ("UPS"), a company affiliated with the delivery services industry, respectfully submits this Motion, pursuant to Commission Rule 3001.21, requesting that the Commission issue an Information Request to the Postal Service seeking additional data relevant to Proposal Thirteen. Specifically, the Commission should request that the Postal Service provide a file containing a "crosswalk" between the masked ZIP Codes in the full set of Form 3999 data the Postal Service has previously submitted and the actual ZIP Codes (the "Crosswalk File").¹ Put differently, this Crosswalk File would show how to unmask the masked ZIP Codes in the Form 3999 data. The Postal Service has confirmed to UPS that this Crosswalk File exists.

UPS has submitted extensive comments regarding Proposal Thirteen. See UPS Comments on Postal Service Proposal Thirteen, Dkt. No. RM2015-7 (Mar. 18, 2015). In

¹ Form 3999 data is created in the ordinary course of business when a route is evaluated, which includes recording times the carrier spends performing various activities, a mail count, and the examiner accompanying the carrier on the route. Report on the City Carrier Street Time Study, Dkt. No. RM2015-7, at 4-5 (Dec. 11, 2014) ("CCST Study").

connection with its comments, UPS also submitted an alternate model for the attribution of city carrier street time developed by Dr. Kevin Neels of The Brattle Group, working within the significant time and data constraints presented by the docket. See Report of Kevin Neels on Behalf of United Parcel Service, Dkt. No. RM2015-7 (Mar. 18, 2015).

UPS now submits this request because the Crosswalk File will allow Dr. Brattle and his team to conduct further testing of his model against a broader set of data and will also inform the cost attribution to individual products resulting from the model. The alternate model proposed by UPS takes a different approach to attribution than Proposal Thirteen: it does not require the particular data collected as part of the special field studies conducted within the 300 ZIP Codes for Proposal Thirteen. Instead, Dr. Neels' model only needs the Form 3999 data – data the Postal Service has for over 140,000 city carrier routes.²

Dr. Neels' model, however, requires access to data fields the Postal Service has “masked” in the publicly-provided Form 3999 data. Specifically, because UPS's alternate model accounts for geographical differences among carrier routes, Dr. Neels requires access to the actual ZIP Code data in order to tie data about the ZIP Codes to the specific routes in the Form 3999 data. The Crosswalk File would allow Dr. Neels and his team to do this.

To this point, Dr. Neels has restricted his analysis to the 300 ZIP Codes used in the Proposal Thirteen studies because he could not map the masked ZIP Codes for

² In addition to the fields provided in the Form 3999 data, the alternate model requires Collection and Accountable volumes. These volumes are not recorded in the current Form 3999 evaluation process. In the short term, however, Dr. Neels can impute the Collection/Accountable results from the 300 ZIP Code sample to the broader set of Form 3999 data. Going forward, the Postal Service could begin gathering data on Collection and Accountable volumes as part of the Form 3999 evaluation process.

non-study ZIP Codes to actual ZIP Codes. The Postal Service previously submitted as a library reference, and the Commission granted UPS non-public access to, a file containing a “crosswalk” between the masked ZIP Codes and the actual ZIP Codes for the 300 ZIP Codes used in the Proposal Thirteen costing studies. See USPS-RM2015-7/NP1 (Dec. 11, 2014); PRC Order No. 2363 (Feb. 24, 2015) (“Order No. 2363”). But that crosswalk is limited to just the 300 ZIP Codes. Dr. Neels’ alternate model would benefit from utilizing a broader dataset, which would be possible if the Postal Service provided the requested Crosswalk File.

Access to the broader set of ZIP Codes would allow UPS to “stress test” its model and examine model performance on the entire system of Postal Service routes. Results obtained by using the broader set of ZIP Codes would allow the Commission and those submitting comments in this docket to better consider UPS’s alternative approach. Accordingly, issuing this information request would allow the Commission, the Public Representative, the Postal Service, and other interested parties to more fully consider the reliability and accuracy of the model proposed by UPS.

As noted, access to the broader Form 3999 data would also allow Dr. Neels to further develop the appropriate methodology for distributing attributable costs to individual products under his model. For example, one interesting insight from Dr. Neels’ model is that a parcel has approximately 11.5 times the cost impact of a non-parcel. UPS believes its alternate model could be used to estimate the relative cost impact of all postal products if it had access to the Crosswalk File.

The Commission’s request for this data could also provide substantial long-term benefits for all interested parties. The Form 3999 data is collected by the Postal Service

in the ordinary course of business. The data spans the Postal Service's carrier routes and is continuously updated. To the extent the Commission can work with the Postal Service, and other entities such as UPS, to adopt a modeling approach to city carrier street time that utilizes this data, it could help the Postal Service avoid heavily relying on expensive special studies. This would be beneficial to all interested parties, as such studies are notoriously error-prone, difficult to conduct, and are rarely updated.

Balanced against the strong interests in evaluating an alternate model to Proposal Thirteen and to developing superior approaches to city carrier costing, the Postal Service has no legitimate interest in not providing the Crosswalk File to the Commission. This is particularly true because the Postal Service can submit the file on a non-public basis and thereby ensure it is not used for any commercial purpose.

Granting this motion would be consistent with the Commission's mandate under 39 U.S.C. § 3633, as it would help the Commission "ensure that each competitive product" does, in fact, cover its "costs attributable." 39 U.S.C. § 3633(a)(2). To meet this mandate, the Commission must rely on active participation by interested parties, such as UPS. This is especially true given the complexities of postal costing. As the Commission has observed, the Postal Accountability and Enhancement Act "relies on public transparency . . . to achieve its goal of Postal Service accountability." Order No. 194 at 2; see *also* Order No. 225 at 7 n.5. UPS has invested significant time and resources into closely reviewing Proposal Thirteen and developing an alternative that holds more promise, while meeting the Commission's statutory obligations. UPS should not be handicapped in this work by limitations on the data available to it, particularly

given UPS's demonstrated willingness to access such data under appropriate protective conditions.

To the extent the Commission grants this motion, UPS respectfully requests that the Commission further grant, in the same order, non-public access for the same UPS outside counsel and consultants for whom the Commission has already approved access to non-public Postal Service data in this docket. See Order No. 2363. This would avoid the expense and delay of UPS having to file another motion for access. UPS outside counsel and consultants have already submitted signed protective orders that govern their access to non-public data in this docket, and they would treat this additional data in the same manner. See UPS Motion Requesting Access to Non-Public Materials, Dkt. No. RM2015-7, Exhibit 1 (Feb. 18, 2015).

The standards of Federal Rule of Civil Procedure 26(c) guide the Commission in determining whether and how parties should be allowed access to sensitive Postal Service materials. See PRC Dkt. No. RM2008-1, Order No. 194 (March 20, 2009) ("Order No. 194") at 4-6; PRC Dkt. No. RM2008-1, Order No. 225 at 8 (Jun. 19, 2009) ("Order No. 225"); 39 C.F.R. § 3007.42. Here, the standards of Rule 26(c) overwhelmingly support granting UPS's motion and permitting UPS's outside counsel and consultants to access the Crosswalk File. Under Rule 26(c) it is well settled that even the most highly confidential information may be disclosed when appropriate protections are in place. In fact, such information is routinely exchanged in litigation under protective conditions, including those that limit access to the party's outside counsel and consultants. See, e.g., *U.S. Ethernet Innov. LLC v. Acer Inc.*, No. 10-CV-03724, 2014 WL 988757, at *4 (N.D. Cal. Mar. 7, 2014) ("Intel's argument about harm

by disclosure of its confidential information to its competitors is assuaged by production only on an outside counsel, attorneys' eyes only, basis.").

CONCLUSION

For the foregoing reasons, UPS respectfully requests that this Motion be granted.

Respectfully submitted,

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